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STATISTICAL BULLETIN

Volume 18, No. 6, June, 1985

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The Conference Board

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COMMENT

- FLAT FIRST QUARTER OVERSHADOWS POCKETS OF STRENGTH IN THE ECONOMY

  POSITIVES - CONSUMER SPENDING ON CARS AND HOMES

  BUSINESS INVESTMENT ON PLANT AND EQUIPMENT

  NEGATIVES - PROFITS AND PRODUCTIVITY

- MONEY GROWTH STRONG, INTEREST RATES FALLING
- SECOND QUARTER GAIN IN REAL GNP GOOD, BUT NOT GREAT

OVERVIEW: The economy looked flat in the first quarter, with real GNP rising by a scant 0.3% annual rate, seasonally adjusted, and business productivity actually falling. An inventory buildup, not completely intended by businesses, accounts for what little output growth there was. To be sure, business investment fell at a 1.5% annual rate and growth in government spending slowed to only 0.3 percent. But consumer spending rose at a 5.2% rate and housing investment was actually up by 1.4 percent. So the problem is on the supply side of the economy, not the demand side.

What is happening is that modest growth in domestic demand is being met by rising imports as buyers take advantage of attractive bargains stemming from the high dollar. Imports had declined in the fourth quarter, contributing to a 4.3% gain in domestic output. But, almost all of the decrease in imports was reversed in the first quarter, limiting the rise of domestic output in the first three months of this year.

All but one of the **Economic Forecasts** indicate that the pace of activity is a little livelier in the second quarter, but the expectations have been lowered. On the positive side: Growth in government spending is unlikely to decline again. Consumer spending continues to rise. Business investment recovers. But there are countervailing trends: Production schedules are being adjusted to limit unintended inventory buildup. And despite some dollar depreciation, imports are still growing. Together with less productivity gain than anticipated, these factors point to a downward revision in the second-quarter outlook. Last October, the median of the **Economic Forcasts** was for a relatively robust 3.4% rise in real GNP. That was still the median forecast as recently as April. But, even considering the stimulative impact of falling interest rates, the median of the forecasts in May is for only a 2.4% rise in GNP in the second quarter. The slower the actual pace of activity during this quarter and the next, the greater the chance that interest rates will come down further.

DEMAND SIDE: Increases in income continue to fuel gains in consumer spending. Falling confidence and a buildup in indebtedness, however, limit how strongly consumer demand can rise.

The IRS, having finally unravelled the computer snafus, is mailing out refunds. But don't expect consumer spending to take off. Knowing the check would eventually be in the mail, consumers already began cutting back on saving in February and March. When the checks started arriving in April, a good portion of the money went directly into the bank.

Consumer attitudes are turning a bit more cautious. Perhaps continued lack of improvement in labor markets is making some workers a little uneasy. The Conference Board's **Consumer Confidence Index** fell in March to 87.8 (1969–1970 = 100), recovered in April to 93.1, but then dropped to 86.2 in May. When the latest survey was taken, the unemployment rate had stood at 7.3% for 3 straight months, it remained at 7.3% in May. The employment data continued to show gains on service jobs, while manufacturing employment inches down - 1.6% lower in May than in January.

Service employment may not be able to keep rising much longer when manufacturing jobs keep slipping. In fact, The Conference Board's **Help-wanted Index** fell from 138 (1967 = 100) in March to 131 in April. Early returns of the May survey indicate that not much of that loss was recovered. This measure of overall demand clearly suggests that employers are being conservative about new hiring.

Consumer unease about business conditions over the next six months, especially this slow pace of hiring, shows up in the **Expectations Index,** a component of the overall confidence measure. The **Expectations Index** stood at 104.1

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue New York, N.Y. 10022. Printed in New York, N.Y. Second class postage paid at New York, N.Y.

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Ottawa, Ontario, K1L-6R3, Canada

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New York, New York 10022

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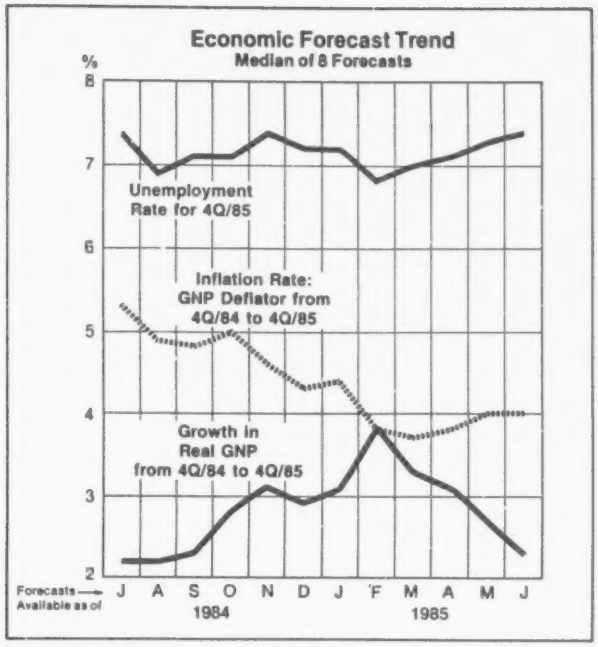


(1969–1970 = 100) in February, but has since dropped to 91. That drop is not alarming, but it does reflect concern that the economy is growing too slowly to keep the jobless rate from rising. The worker/consumer, a little more worried about joining the jobless, will be cautious about buying big-ticket items - to be paid for in installments over the next 2 or 3 years. That hesitancy is especially likely because the consumer sector is already saddled with a fair amount of debt.

But there is little concern that households are overextended. The ratio of **Consumer Debt Expansion to Personal Income** stood at 3.5% in February, dropped to 3.2% in March and 3.1% in April. That ratio is not unreasonably high for this late in an expansion. Still, households, now a little more cautious, will probably slow their borrowing. Reinforcing this is the fact that consumer loan rates have not come down as far as other lending rates.

SUPPLY SIDE: Sluggish production gains are holding down the pace on new hiring and keeping a portion of production facilities idle. Lack of productivity gains and slightly faster cost increases are depressing profit margins. With some spare capacity on hand, and less internal funding available, the strength in business investment is being eroded.

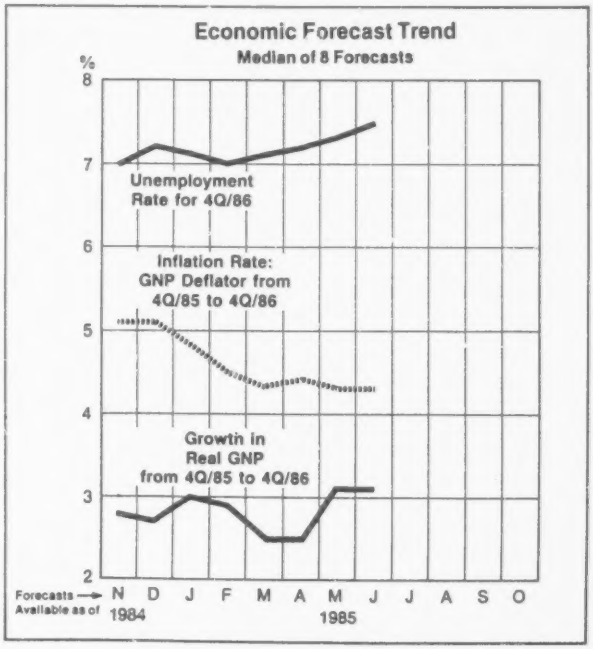
Slow-growing consumer demand and market penetration of imports continue to inhibit increases in industrial production. Total production rose at only a 1.5% annual rate in the first five months of 1985. Still, the inventory/sales ratios have been inching higher. That incremental rise in inventory further limits production gains.

Slow gains in production are keeping a lid on operating rates. Both the advanced - and primary-processing manufacturing capacity utilization rates were down to about 80 ½% in April, almost 2 percentage points below where they were a year ago. That downward drift in operating rates weakens investment demand. The Conference Board's **Capital Appropriation and Expenditures** survey of the nation's 1,000 largest manufacturers showed that capital spending fell in the first quarter. Moreover, the rise in appropriations (approval of new spending plans) was cut. However, appropriations rose sharply last year and spending on some of those projects is expected to get underway this year. Industry executives said that they expect their investment to rise by 17% this year.

Falling profits cut into internal funding of investment, limiting its increase. Corporate profits fell almost 8% at an annual rate, in the first quarter. As indicated on the **Key Determinants of Profit Margins** chart, a decline in output per labor hour in the first quarter accelerated the rise in unit labor cost. That diminished the profit margin of nonfinancial corporations. Productivity gains over the last 3 quarters have been much slower than anticipated. That is a major factor in the slowdown of economic growth.

With the economy growing only fast enough to keep unemployment from rising, interest rates are falling. Banks lowered the prime rate and the Federal Reserve lowered the discount rate - the rate it charges member banks. Many analysts anticipated further declines in borrowing rates. Stock prices have been rising despite the first-quarter drop in profits, and despite the forecast of even lower profit levels for the rest of the year.

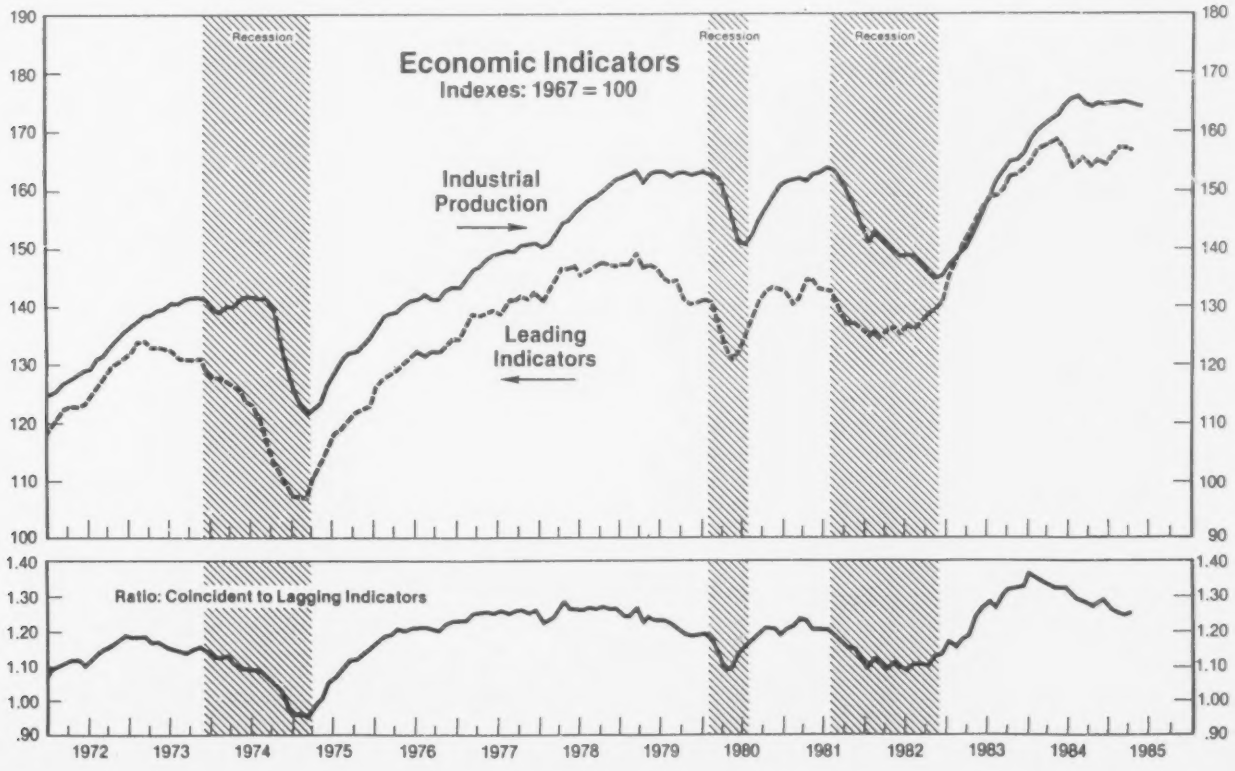
Ken Goldstein
June 14, 1985



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Apr.		X		+ 0.6%	- 0.4%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Apr.		X		+ 13.0%	- 1.6%
New orders, nondefense capital goods (deflated)	Apr.		X		+ 11.8%	- 3.5%
*New business formation	Apr.			X	- 2.3%	- 2.0%
*Housing permits	Apr.	X			+ 4.2%	- 4.7%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Apr.		X		- 3.0%	+ 2.3%
*Change in inventory, on hand & order (deflated)	Mar.	X			+ 7.9%	- 18.9%
Purchasing agents' buying policy	May.			X	- 4.0%	- 12.0%
*Vendor performance, reported slower deliveries	May			X	- 4.0%	- 26.0%
Industrial raw materials prices	May		X		- 0.1%	- 12.6%
*Change in sensitive material prices	Apr.		X		- 0.1%	- 1.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Apr.		X		0.0%	+ 4.5%
Change in business loans	Apr.			X	- 36.5%	- 84.7%
*Change in credit outstanding	Mar.		X		+ 6.7%	- 7.2%
Change in consumer installment debt	Mar.	X			+ 18.3%	+ 29.0%
Profitability						
Total corporate profits, after tax (deflated)	1st Q			X	- 1.8%	- 10.1%
*Common stock prices	May		X		+ 1.2%	+ 16.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	May	X			+ 0.3hr	- 0.3hr
*Initial unemployment claims (inverted)	May	X			+ 8.0%	- 6.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 Apr.	1985 Jan.	Feb.	Mar.	Apr.(e)
Principal Diffusion Index	66.3	54.7	55.2r	54.2r	56.3
Auxillary Diffusion Index	44.9	51.6	51.4r	47.0r	56.8
Industrial Group	63.0	48.8	47.9r	50.5r	51.3
Nonindustrial Group	69.5	60.6	62.4r	57.9r	61.3
Sense of Diffusion	1.0	0	0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	56.0	49.6	49.1r	51.5r	59.0
Labor	62.7	52.6	50.6	54.0	50.4
Miscellaneous	74.4	38.5	39.1	40.4	42.3
Nonindustrial Subgroups					
Prices	69.2	39.1	40.4	33.3	42.9
Consumer	80.3	81.6	85.0	78.2	81.6
Building	69.9	65.4	63.5	69.2	74.4
Miscellaneous	58.5	50.9	53.8r	46.6r	44.4

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index

BUSINESS EXECUTIVES' EXPECTATIONS

	1982		*1983*				*1984*				*1985*
	Aug.	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*
	Score (scale 0-100)										
Measure of Business Confidence	55	60	70	76	75	74	70	65	61	57	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	38	44	65	76	82	80	76	75	70	57	62
2. Expectations for Economy, Six Months Ahead	65	70	76	78	74	73	67	60	57	57	61
3. Expectations for Own Industry, Six Months Ahead	61	65	70	72	69	70	67	61	57	58	61

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

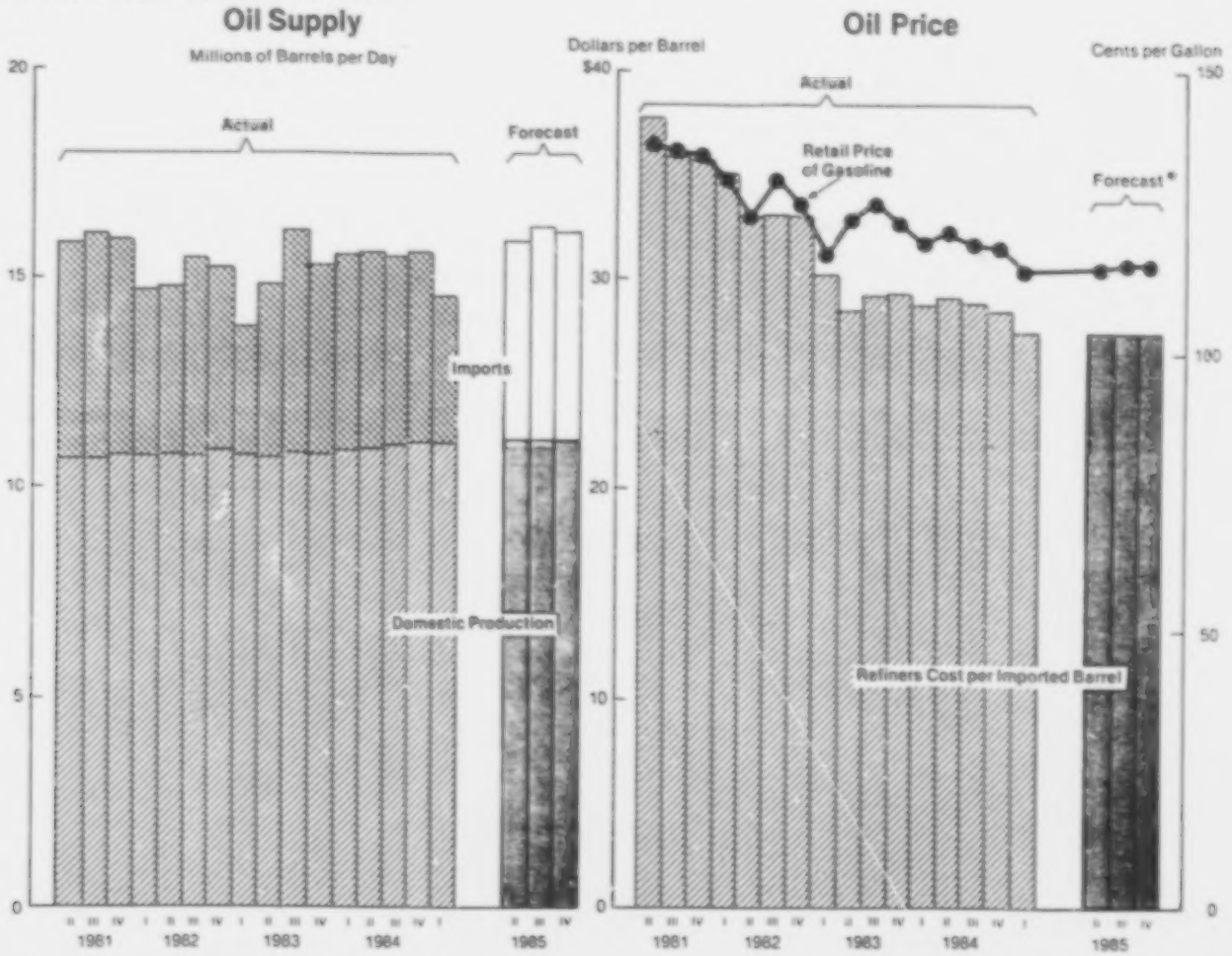
	1983		1984				1985	Percent Change From Previous Year	
	III	IV	I	II	III	IVr	Ip	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	22.785	24.262	26.816	37.154	27.592	29.190	30.506	32	3
Capital expenditures	16.244	19.560	19.905	21.808	22.924	24.875	23.346	19	17
Change in appropriations backlog*	+ 1.988	+ 0.928	+ 5.152	+ 13.867	+ 3.386	+ 1.748	+ 5.522		
Durable Goods									
New appropriations	9.119	11.024	13.662	21.216	12.617	14.938	17.269	59	22
Capital expenditures	7.667	8.727	8.714	10.033	11.031	12.463	11.296	33	14
Change in appropriations backlog*	+ 1.466	+ 0.819	+ 4.057	+ 10.842	+ 1.303	+ 1.100	+ 4.895		
Nondurable Goods									
New appropriations	13.666	13.238	13.154	15.938	14.975	14.252	13.237	12	17
Capital expenditures	10.577	10.833	11.191	11.775	11.893	12.412	12.050	9	19
Change in appropriations backlog*	+ 0.522	+ 0.109	+ 1.095	+ 3.024	+ 2.083	+ 0.648	+ 0.627		
ELECTRIC & GAS UTILITIES									
New appropriations	5.752	6.561	5.090	7.843	9.675	11.383		26	
Capital expenditures	8.922	8.676	8.737	8.859	9.019	9.190		1	
Change in appruprations backlog*	- 4.321	- 4.415	- 6.109	- 2.971	- 1.526	- 3.086			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quartely reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

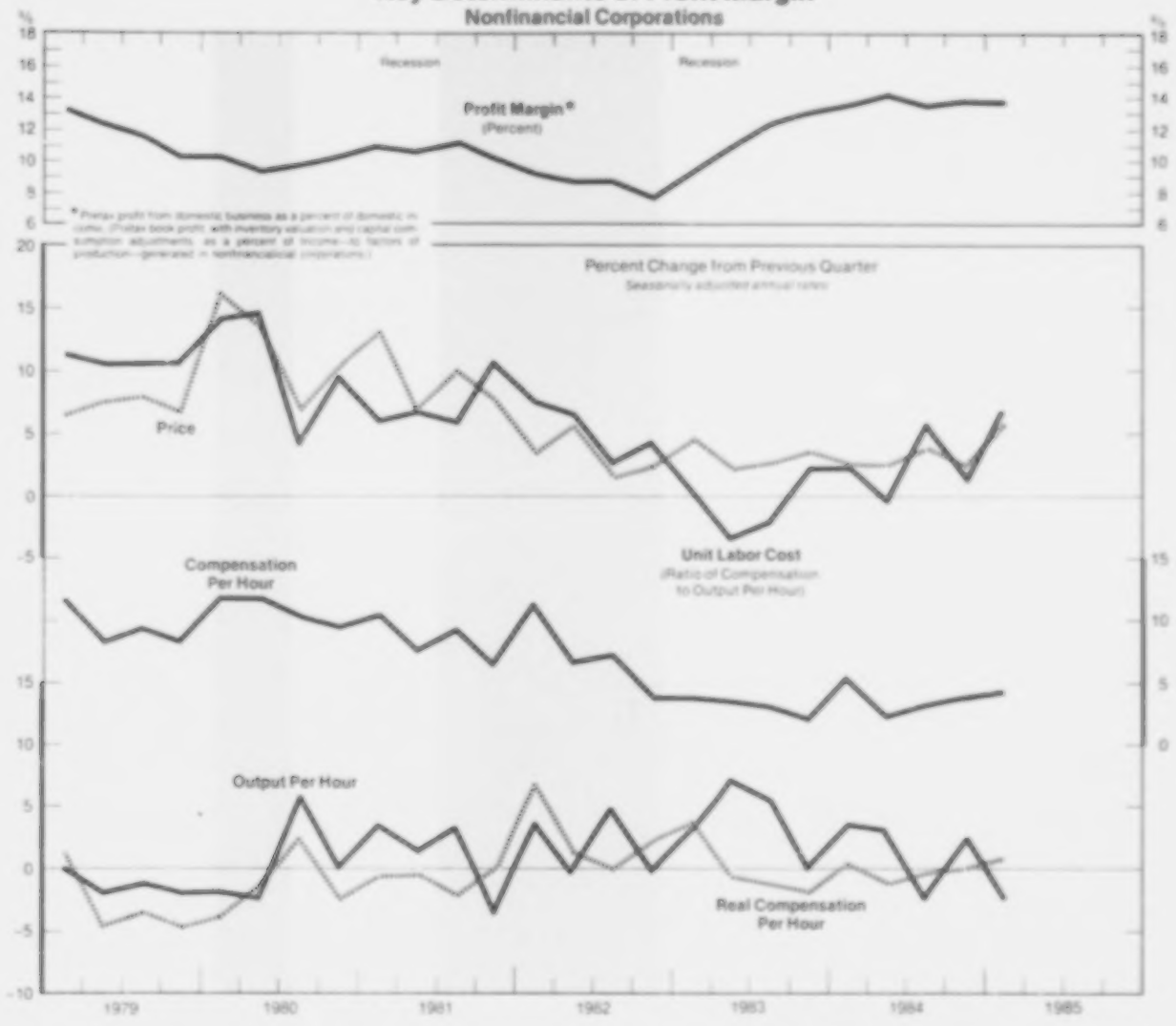
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

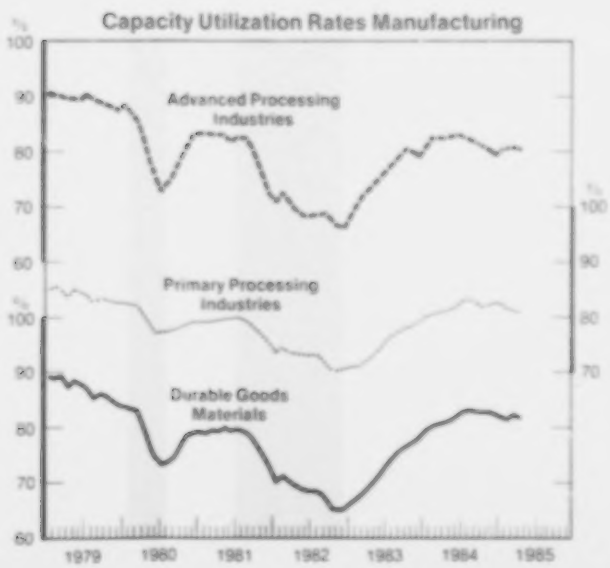
** Results based on survey respondents' expectations.



*Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting[1] Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			May, 1985		May, 1985		May, 1985		May, 1985	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**I**	**$3817.1**	**6.4%**	**$3817.1**	**6.4%**	**$3817.1**	**6.4%**	**$3817.1**	**6.4%**
		II	3882.3	7.0	3871.2	7.8	3837.8	2.2	3869.2	5.6
		III	3952.0	7.4	3937.6	7.0	3886.9	5.2	3944.9	8.1
		IV	4024.0	7.5	3997.9	6.3	3971.0	8.9	4012.2	7.0
	1986	I	4091.0	6.6	4069.1	7.5	4046.5	7.8	4085.0	7.5
		II	4160.8	7.0	4147.6	7.9	4129.9	8.5	4150.7	6.6
		III	4245.2	8.4	4229.0	8.1	4214.2	8.4	4187.1	3.6
		IV	4335.8	8.8	4315.0	8.4	4299.3	8.3	4213.5	2.5
	1987	I	4432.9	9.3			4308.5	6.4	4270.2	5.5
		II	4523.3	8.4			4448.2	7.7		
	1985	Annual	3918.9	7.0	3906.0	6.6	3878.2	5.9	3910.9	6.8
	1986	Annual	4208.2	7.4	4190.2	7.3	4172.5	7.6	4159.1	6.3
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1985**	**I**	**$1665.4**	**.7%**	**$1665.4**	**.7%**	**$1665.4**	**.7%**	**$1665.4**	**.7%**
		II	1682.6	4.2	1675.6	2.5	1665.0	-.1	1674.1	2.1
		III	1699.9	4.2	1688.1	3.0	1679.0	3.4	1692.2	4.4
		IV	1714.6	3.5	1697.3	2.2	1697.0	4.4	1704.7	3.0
	1986	I	1725.8	2.6	1708.3	2.6	1711.0	3.3	1716.6	2.6
		II	1738.6	3.0	1723.4	3.6	1728.0	4.0	1724.7	1.9
		III	1755.6	4.0	1737.6	3.3	1745.0	4.0	1722.1	-.6
		IV	1773.3	4.1	1754.0	3.8	1762.0	4.0	1714.0	-1.9
	1987	I	1791.4	4.1			1775.0	3.0	1713.1	-.2
		II	1808.6	3.9			1790.0	3.4		
	1985	Annual	1690.6	3.1	1681.6	2.6	1676.6	2.3	1684.1	2.7
	1986	Annual	1748.3	3.4	1730.8	2.9	1736.5	3.6	1719.4	2.1
Gross National Product deflator Index, 1972 = 100										
Actual	**1985**	**I**	**229.2**	**5.6%**	**229.2**	**5.6%**	**229.2**	**5.6%**	**229.2**	**5.6%**
		II	230.7	2.7	231.0	3.2	230.5	2.3	231.1	3.4
		III	232.5	3.1	233.3	3.9	231.5	1.6	233.1	3.5
		IV	234.7	3.6	235.5	4.0	234.0	4.4	235.4	3.9
	1986	I	237.0	4.1	238.2	4.6	236.5	4.3	238.0	4.5
		II	239.3	3.9	240.7	4.2	239.0	4.3	240.7	4.6
		III	241.8	4.2	243.4	4.6	241.5	4.3	243.1	4.2
		IV	244.5	4.5	246.0	4.4	244.0	4.2	245.8	4.5
	1987	I	247.5	4.9			246.0	3.3	249.3	5.7
		II	250.1	4.3			248.5	4.1		
	1985	Annual	231.8	3.7	232.3	4.0	231.3	3.5	232.2	3.9
	1986	Annual	240.7	3.8	242.1	4.2	240.3	3.9	241.9	4.2
Unemployment Rate										
Actual	**1985**	**I**		**7.3%**		**7.3%**		**7.3%**		**7.3%**
		II		7.3		7.3		7.2		7.3
		III		7.2		7.4		7.1		7.1
		IV		7.2		7.5		6.9		7.1
	1986	I		7.2		7.5		6.9		7.0
		II		7.3		7.4		6.7		7.1
		III		7.2		7.2		6.8		7.3
		IV		7.2		7.1		6.9		7.5
	1987	I		7.1				6.9		7.6
		II		6.9				6.9		
	1985	Annual		7.3		7.4		7.1		7.2
	1986	Annual		7.2		7.3		6.8		7.2

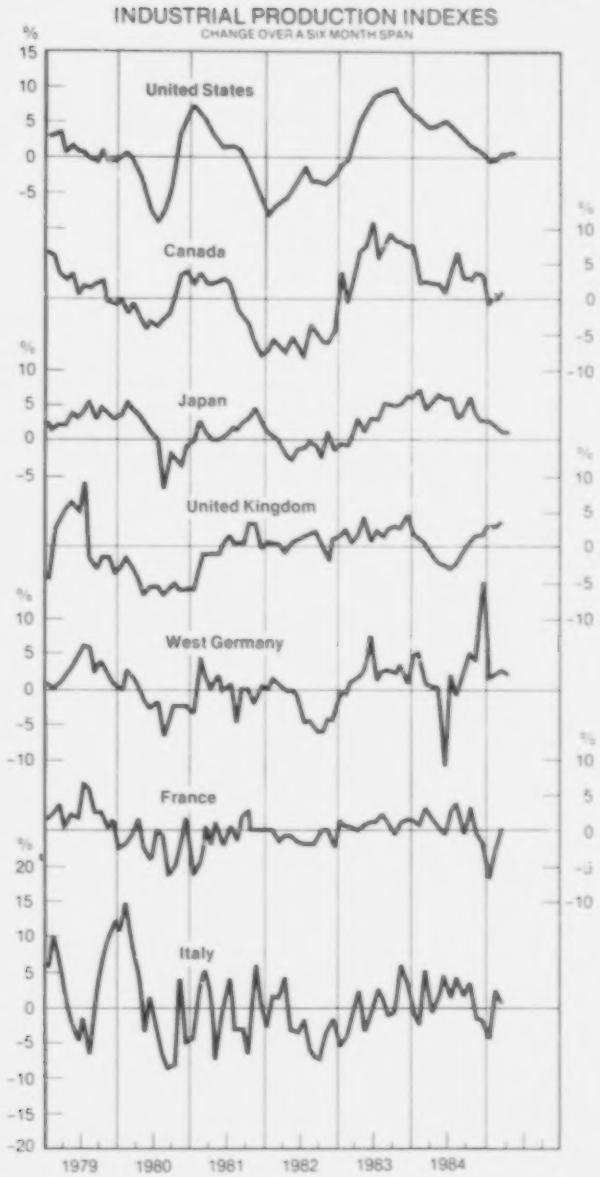
Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on revised first quarter data.

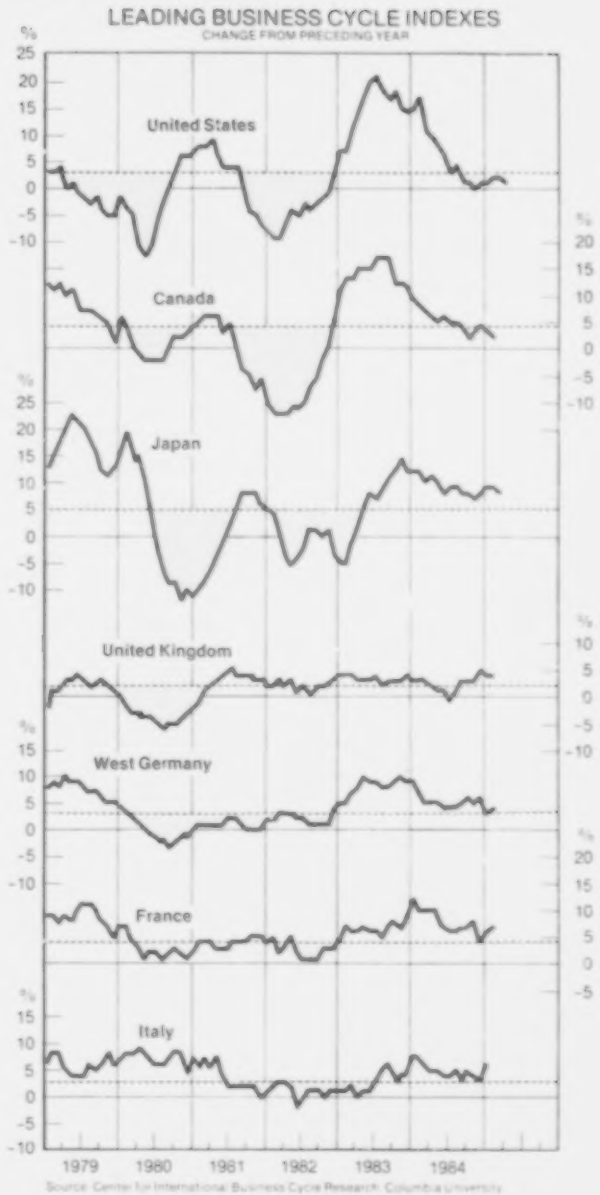
ECONOMIC FORECASTS (continued)

The Conference Board* May 1985		Chase Econometric† Associates, Inc. May 1985		Data Resources Inc.† May, 1985		Wharton E.F.A. Inc.† May, 1985		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3817.1	6.4%	$3817.1	6.4%	$3817.1	6.4%	$3817.1	6.4%	I	1985	Actual
3879.0	6.5	3880.5	6.6	3873.0	6.0	3874.4	6.1	II		
3929.0	5.4	3957.8	6.2	3929.7	6.0	3945.2	7.5	III		
3984.0	5.6	4020.3	6.5	3985.1	5.8	4015.9	7.4	IV		
4029.0	4.7	4058.9	4.9	4036.3	5.4	4087.4	7.3	I	1986	
4112.0	8.5	4124.6	5.6	4096.2	5.9	4153.4	6.6	II		
4203.0	9.2	4212.7	8.9	4172.5	7.7	4224.6	7.0	III		
4282.0	7.7	4305.6	9.1	4257.1	8.4	4302.8	7.6	IV		
		4403.6	9.4	4351.3	9.1	4393.8	8.7	I	1987	
		4494.0	8.5	4438.5	8.3	4485.4	8.6	II		
3997.0	6.4	3918.9	7.0	3901.2	6.5	3913.2	6.8	Annual	1985	
4156.5	4.7	4178.0	6.6	4141.0	6.1	4192.1	7.1	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
$1665.4	.7%	$1665.4	.7%	$1665.4	.7%	$1665.4	.7%	I	1985	Actual
1676.2	2.6	1675.5	2.4	1678.8	3.3	1673.8	2.0	II		
1688.1	2.9	1691.4	3.4	1691.7	3.1	1687.9	3.4	III		
1698.1	3.0	1702.5	2.7	1700.8	2.2	1700.6	3.0	IV		
1698.2	2.4	1705.4	.7	1707.6	1.6	1710.6	2.4	I	1986	
1713.3	3.6	1712.0	1.6	1716.9	2.2	1719.6	2.1	II		
1732.4	4.5	1729.9	4.2	1732.3	3.6	1730.4	2.5	III		
1746.0	3.2	1748.3	4.3	1749.3	4.0	1743.7	3.1	IV		
		1765.2	3.9	1767.0	4.1	1758.2	3.4	I	1987	
		1780.6	3.5	1782.9	3.6	1773.6	3.5	II		
1679.5	2.4	1683.7	2.7	1684.2	2.7	1681.9	2.6	Annual	1985	
1727.5	2.9	1723.8	2.4	1726.5	2.5	1726.1	2.6	Annual	1986	
								Gross National Product deflator Index, 1972 = 100		
229.2	5.6%	229.2	5.6%	229.2	5.6%	229.2	5.6%	I	1985	Actual
231.4	3.8	231.6	4.3	230.7	2.6	231.5	4.0	II		
232.7	2.4	234.0	4.2	232.2	2.8	233.7	4.0	III		
234.8	3.6	236.1	3.7	234.3	3.5	236.1	4.2	IV		
237.3	4.2	238.6	4.2	236.5	3.8	238.9	4.8	I	1986	
240.0	4.7	240.9	4.0	238.6	3.6	241.5	4.4	II		
242.6	4.4	243.5	4.4	240.9	3.9	244.1	4.4	III		
245.2	4.4	246.3	4.6	243.4	4.2	246.8	4.4	IV		
		248.5	5.3	246.3	4.8	249.9	5.2	I	1987	
		252.4	4.8	248.9	4.4	252.9	4.9	II		
232.0	3.9	232.7	4.2	231.6	3.7	232.6	4.1	Annual	1985	
241.3	4.0	242.3	4.1	239.8	3.5	242.8	4.4	Annual	1986	
								Unemployment Rate		
	7.3%		7.3%		7.3%		7.3%	I	1985	Actual
	7.3		7.2		7.4		7.4	II		
	7.4		7.2		7.4		7.5	III		
	7.7		7.3		7.5		7.6	IV		
	7.7		7.5		7.6		7.6	I	1986	
	7.7		7.7		7.7		7.6	II		
	7.5		7.6		7.7		7.5	III		
	7.3		7.5		7.7		7.5	IV		
			7.3		7.6		7.4	I	1987	
			7.1		7.5		7.3	II		
	7.4		7.3		7.4		7.5	Annual	1985	
	7.6		7.6		7.7		7.5	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linetha Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS





Source: Center for International Business Cycle Research, Columbia University

Foreign Exchange Rates

Indexes: 1980-82 = 100

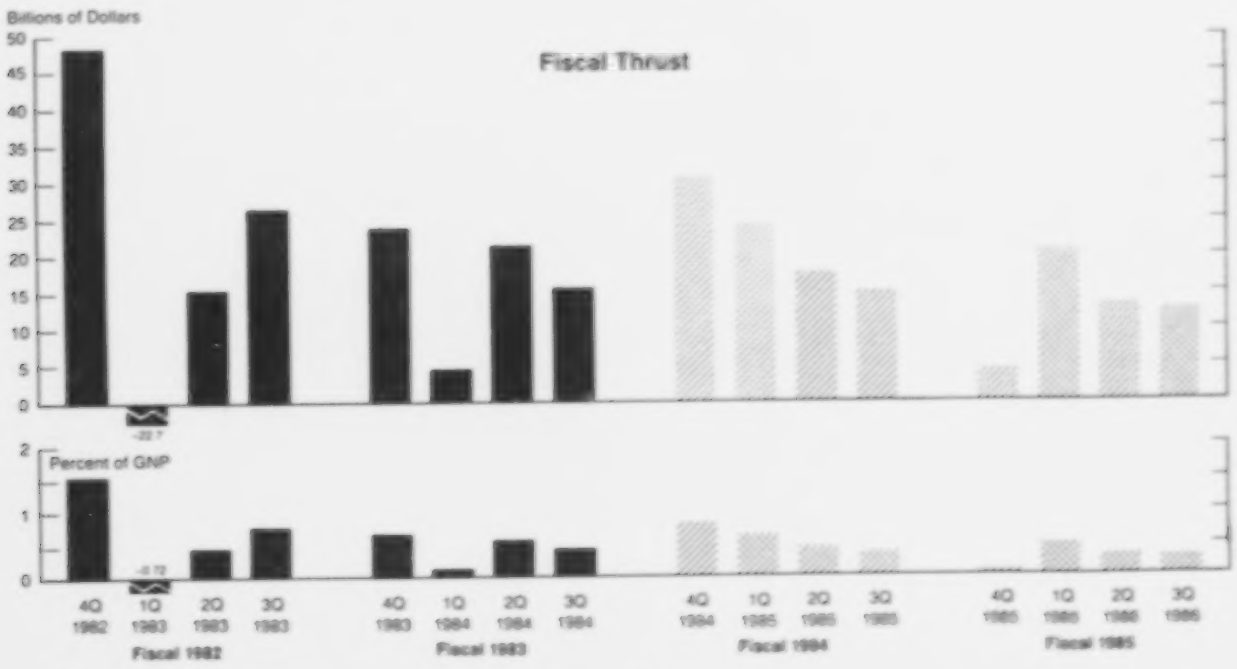
Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

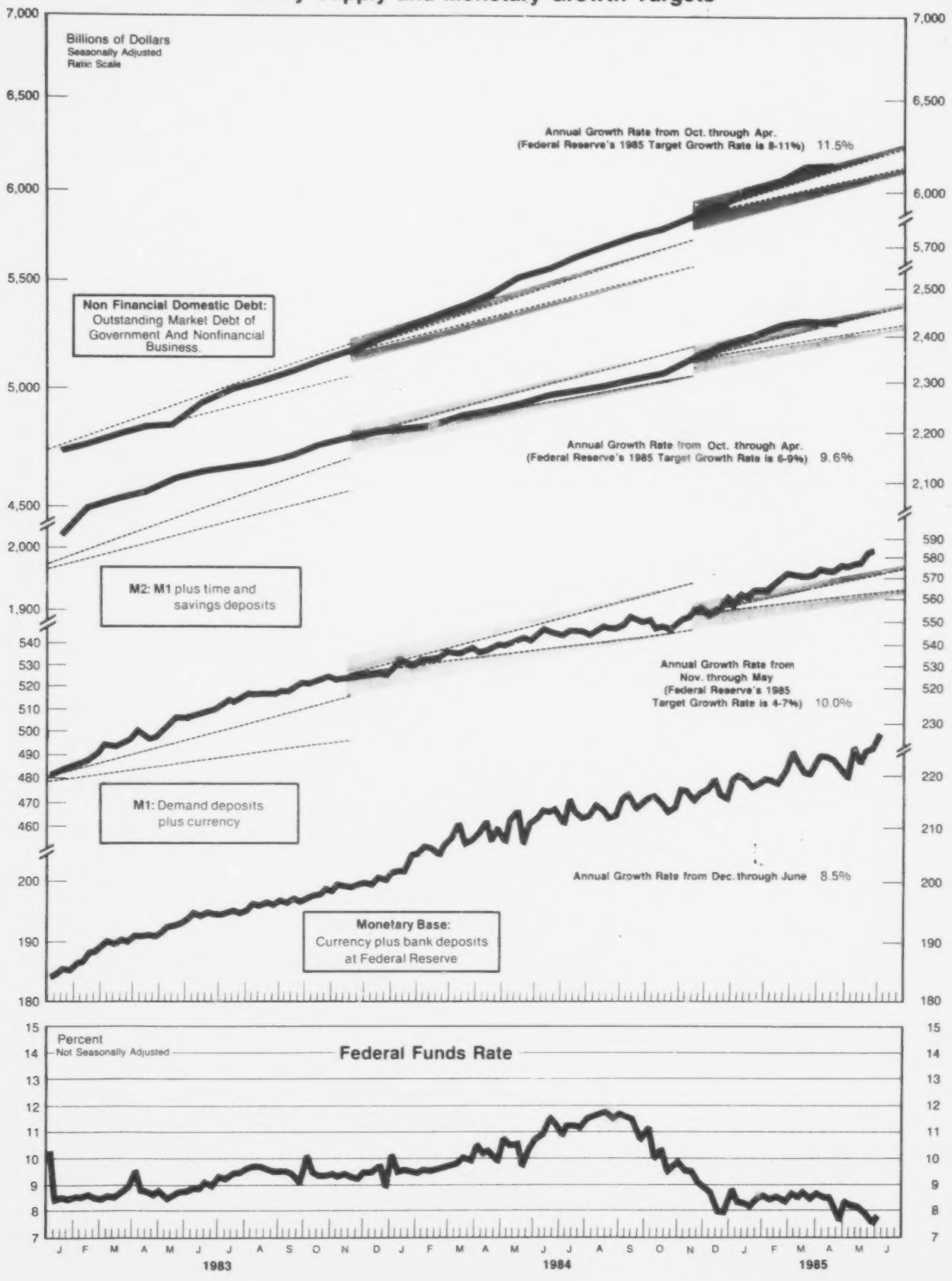
	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Senate	House	Senate	House	Senate	House
	(5/9/85)	(5/16/85)	(5/9/85)	(5/16/85)	(5/9/85)	(5/16/85)
Receipts	**793.6**	**794.1**	**886.3**	**886.0**	**955.9**	**955.6**
Outlays	**965.9**	**967.3**	1,011.1	1,039.5	1,060.2	1,080.0
Deficit	-171.4	-173.2	-144.8	-152.5	-104.3	-124.4
Receipts by source	**793.6**	**794.1**	**886.3**	**886.0**	**955.9**	**955.6**
Individual income taxes	364.5	364.5	398.3	398.3	438.0	438.0
Corporate income taxes	72.3	72.3	89.3	89.3	103.2	103.2
Social insurance	285.4	285.4	306.1	306.1	342.9	342.9
Other receipts	71.4	71.9	72.6	72.3	71.8	71.5
Outlays by function	**965.9**	**967.3**	1,011.1	1,039.5	1,060.2	1,080.0
National defense	273.1	267.1	292.1	285.2	313.0	303.9
Social security and medicare	283.2	289.1	280.7	289.7	302.7	312.9
Income security	116.6	121.8	120.6	127.8	125.7	133.9
Health	35.3	35.6	37.8	38.3	40.3	40.8
Education and manpower	30.3	31.2	29.9	32.1	30.4	32.9
Transportation	26.1	26.5	27.7	28.9	27.4	29.5
Veterans' benefits	26.1	26.8	26.2	27.4	26.7	27.8
International affairs	17.8	18.6	17.1	16.9	16.7	16.2
Agriculture	14.5	15.8	15.8	16.9	12.9	15.0
National resources and environment	12.5	13.0	12.4	12.8	12.5	13.2
General science	9.0	8.9	8.8	8.9	9.0	8.9
Community development	7.9	8.2	7.1	8.1	6.7	7.9
Justice	6.7	6.8	6.9	7.0	7.0	7.2
Commerce and housing credit	3.4	4.6	2.3	5.0	5.1	6.7
General government	5.2	5.3	5.2	5.2	5.5	5.5
Energy	5.1	5.6	4.6	5.4	4.2	4.7
Revenue sharing	6.5	5.7	3.2	2.9	2.1	2.1
Interest	142.3	140.9	152.1	150.9	153.9	153.9
Allowances	-1.6	-4.4	-1.6	-4.3	-0.5	-3.2
Undistributed offsetting receipts	-35.0	-39.8	-37.8	-36.6	-41.1	-39.8

Note: These estimates are from the first budget resolution. A joint conference is currently reconciling the differences between the Senate and House versions. A new budget resolution should be reported by July.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then ripples in subsequent rounds of spending and earning. For more complete descriptions, see Michael Evans, "The Federal Budget: Its Impact on the Economy FB-81-3," The Conference Board, New York, 1981.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Oct. through Apr.
(Federal Reserve's 1985 Target Growth Rate is 8-11%) 11.5%
Non Financial Domestic Debt:
Outstanding Market Debt of
Government And Nonfinancial
Business.
Annual Growth Rate from Oct. through Apr.
(Federal Reserve's 1985 Target Growth Rate is 6-9%) 9.6%
M2: M1 plus time and
savings deposits
Annual Growth Rate from
Nov. through May
(Federal Reserve's 1985
Target Growth Rate is 4-7%) 10.0%
M1: Demand deposits
plus currency
Annual Growth Rate from Dec. through June 8.5%
Monetary Base:
Currency plus bank deposits
at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1983
1984
1985

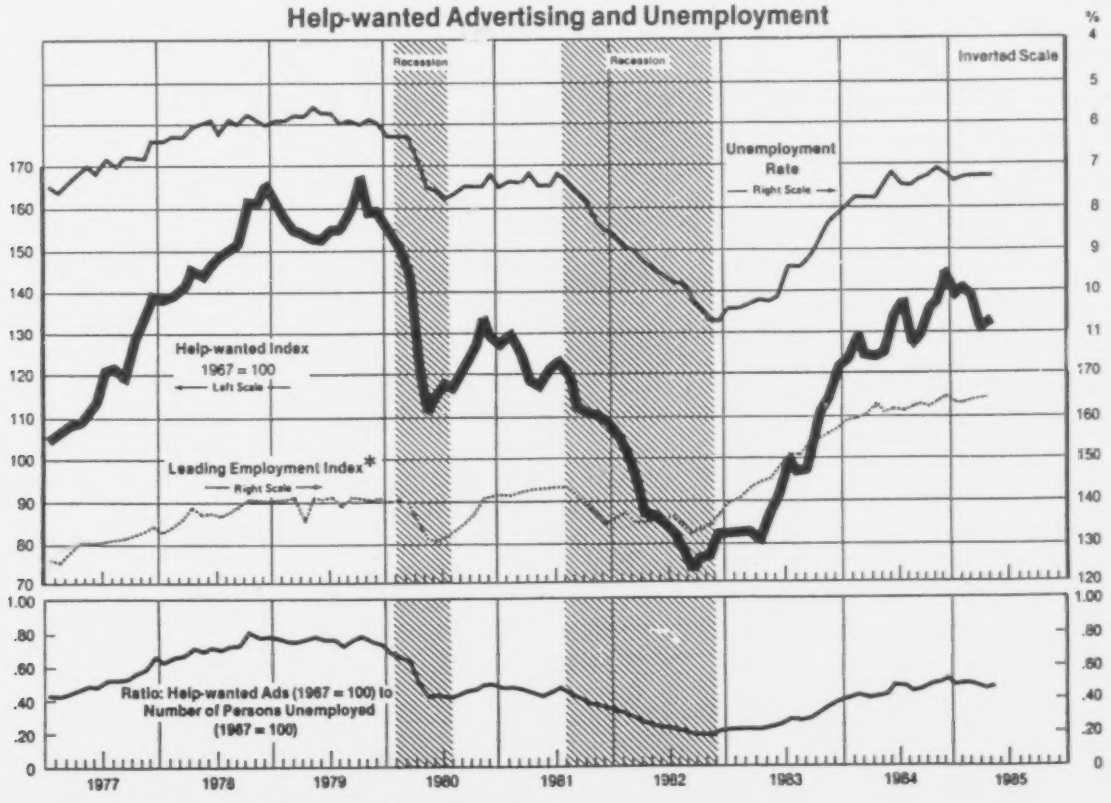
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 Apr.	1985 Mar.	1985 Feb.	1984 Apr.
National Index	131	138	140	124
New England	149	153	151	137
Boston	161	171	166	155
Hartford	151	137	151	129
Providence	103	106	102	81
Middle Atlantic	62	66	66	58
Albany	149	144	142	120
Allentown	174	157	177	150
New York	53	53	53	50
Philadelphia	49	60	58	52
Pittsburgh	61	72	68	51
Rochester	79	81	89	69
Syracuse	97	103	105	87
East North Central	83	88	88	73
Chicago	94	98	100	90
Cincinnati	101	132	127	90
Cleveland	58	64	61	48
Columbus	130	137	136	98
Dayton	79	80	73	59
Detroit	64	65	63	53
Gary	87	101	106	74
Indianapolis	85	88	85	74
Milwaukee	50	54	56	46
Toledo	112	109	112	84
West North Central	84	91r	90	75
Kansas City	117	123	123	93
Minneapolis	75	81	81	71
Omaha	120	128	112	119
St. Louis	64	72r	72	57
South Atlantic	158	175	181	141
Atlanta	271	299	300	259
Baltimore	111	124	169	80
Charlotte	139	159	149	138
Jacksonville	192	205	182	186
Miami	82	89	77	80
Richmond	119	128	126	86
Washington, D.C.	162	181	183	143
East South Central	143	138	137	120
Birmingham	138	134	140	114
Knoxville	207	227	194	183
Louisville	77	94	90	61
Memphis	108	105	100	99
Nashville	231	178	200	185
West South Central	235	251	264	268
Dallas	322	352	377	351
Houston	280	300	323	339
New Orleans	104	113	116	146
Oklahoma City	140	141	133	153
San Antonio	211	220	218	209
Tulsa	149	148	147	138
Mountain	314	326	327	278
Denver	212	239	230r	193
Phoenix	475	476	470	400
Salt Lake City	287	284	313	270
Pacific	194	203	205	186
Los Angeles	143	157	158	148
Sacramento	342	341	340	297
San Bernadino	221	197	201	192
San Diego	435	443	475	357
San Francisco	193	205	202	185
Seattle	175	184	178	186
Percentage of papers with rising volume	22	53	41	45
Unemployment rate	7.3	7.3	7.3	7.8

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.8	87.8	93.1r	86.2p							

Buying Plans Index

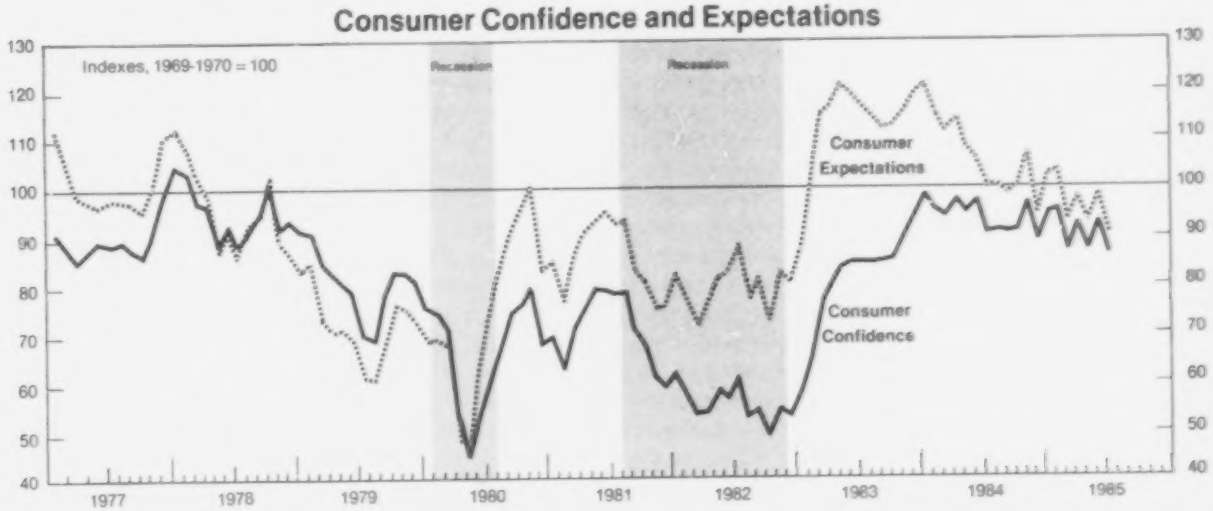
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6r	94.5	100.6	93.3	98.5	102.7	96.2
1985	102.3	107.1	113.8	101.4r	86.1p							

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

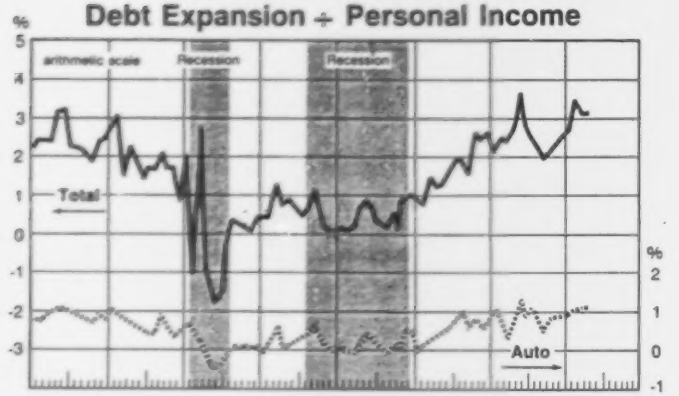
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January:	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February:	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March:	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April:	1-10	5.06	5.69	8.88	8.30
	11-20	6.14	6.52	7.96	9.76
	21-30	5.62	6.35	8.60	8.73
May:	1-10	6.31	6.67	8.75	7.65
	11-20	6.53	6.30	7.74	9.13
	21-31	5.77	6.97	8.43	7.88
June:	1-10	6.00	7.23	7.22	8.35
	11-20	4.24	7.34	8.25	
	21-30	4.56	7.28	8.10	
July:	1-10	4.98	7.25	9.51	
	11-20	5.56	7.36	8.32	
	21-31	5.34	7.43	8.59	
August:	1-10	5.27	7.39	7.33	
	11-20	5.00	6.11	8.07	
	21-31	5.72	6.65	7.43	
September:	1-10	5.16	6.26	8.13	
	11-20	6.75	7.21	8.52	
	21-30	6.11	6.55	6.03	
October:	1-10	5.22	7.52	7.83	
	11-20	5.36	7.56	7.07	
	21-31	5.91	7.45	7.70	
November:	1-10	6.56	6.96	6.60	
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December:	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales